

HOUSE FINANCE COMMITTEE

May 14, 2021

9:05 a.m.

9:05:40 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson

MEMBERS ABSENT

Representative Bryce Edgmon
Representative Adam Wool

ALSO PRESENT

Representative Calvin Schrage, Sponsor

PRESENT VIA TELECONFERENCE

Lauren MacVay, CEO, True North Federal Credit Union;
Jeffrey Schmitz, Director, Division of Motor Vehicles,
Department of Administration.

SUMMARY

HB 163 FORM OF SIGNATURE ON VEHICLE TITLE

HB 163 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Administration.

Co-Chair Merrick reviewed the meeting agenda.

#hb163

HOUSE BILL NO. 163

"An Act relating to vehicle title applications."

9:06:15 AM

REPRESENTATIVE CALVIN SCHRAGE, SPONSOR, thanked the committee for the opportunity to present the bill. He introduced the bill with prepared remarks:

House Bill 163 will eliminate the current language that all signatures for title applications and title transfers be signed in ink. This does not create a directive for the DMV to accept electronic signatures, but it does empower them to do so if they see fit. The bill uses a narrow approach and only amends the statute governing title transfers and applications for titles, and it gives those who are involved in title applications more leeway.

In 2004, the legislature passed the Uniform Electronic Transactions Act. This act had been recommended by the Uniform Law Commission to remove barriers to commerce and to bring Alaska statutes into the modern era. Today in Alaska, electronic signatures are accepted for PFD applications, real estate conveyances, and obtaining of notary signatures among other things; however, they are not accepted for title transfers of motor vehicles. Electronic signatures have been crucial to keeping businesses afloat during the pandemic and provide important conveniences to Alaskans in remote parts of the state. For further background, the Uniform Electronic Transactions Act applies to all electronic transactions except those explicitly exempted or where existing law indicates electronic signatures cannot suffice.

Exemptions include wills, cancellations of utility services, foreclosures, evictions, product recalls, and notifications of hazardous materials. The original law carved out these instances of urgent matters, but it did not include title transfers; however, because DMV statute on title transfers uses the words "in ink"

in their statutes, it has come to be included in that same group.

House Bill 163 ends this exemption and empowers the relevant parties to decide for themselves if they will accept electronic signatures. To reiterate, the Uniform Electronic Transactions Act leaves the discretion of accepting electronic signatures to the relevant departments and without House Bill 163 the DMV cannot begin the process of looking into administering electronic signatures. This law is a new tool in the toolbox for DMV and it is simply a preapproval for the department that will prevent delays in the future.

Representative Schrage listed individuals available online to testify. He brought attention to the new zero fiscal note.

[9:09:07 AM](#)

LAUREN MACVAY, CEO, TRUE NORTH FEDERAL CREDIT UNION (via teleconference), provided remarks on the bill with a prepared statement:

Thank you for the opportunity to speak before you today in favor of House Bill 163. It's a simple bill, but it will open the door to a significant amount of progress. As Representative Schrage noted, we can use electronic signature in many important things in Alaska, but one thing we cannot do is sign a title application with the DMV; it needs this original "wet" signature. A growing number of other states are implementing electronic lien and title inclusions to various degrees and configurations, but the "in ink" language in AS 28 prevents our state from exploring the benefits of this modern technology. This has impacts on the DMV and its operations I'm sure, but it also impacts True North and our members and frankly every other financial institution.

True North has branch locations in Juneau and Anchorage, but we have members throughout the state. One of the ways that we can do that is by utilizing e-sign and with that technology we can open new memberships and we can close consumer and home equity loans electronically. This was a huge benefit when the

pandemic hit. It allowed our members to continue to do their borrowing business from the safety of their homes and offices. It's also a benefit for borrowers not near a branch and allows us to provide convenient service regardless of location, clearly for members in remote communities, that's a win. But one thing we cannot complete electronically is any loan requiring a title application to secure our lien unless a dealer is handling the title loan. The impact on the membership is that when that situation comes up, which is usually in a person-to-person sales transaction, the loan is held up until the original signatures can be obtained.

Our other option is to put the burden on securing the title work on the borrower, requiring them to deal with the DMV paperwork and forward us the completed title in the end. That opens the door to delays, headaches, mistakes. Neither one of these is a good option. Both create inconvenience for all involved. If we were able to simple secure electronic signature on DMV paperwork, our process would be far more convenient for our members and much more efficient for us and probably for the DMV.

I know the proposed changes to House Bill 163 will not suddenly remedy the situation and that there's significant work to be done by the DMV to assess and implement new systems. But by removing those two little words "in ink," the bill would remove that critical first barrier to progress and I encourage you to move House Bill 163 forward for that reason.

Ms. MacVay thanked the committee for its time.

9:12:11 AM

Representative Carpenter asked for the Division of Motor Vehicles' (DMV) assessment on the impact of the bill.

Co-Chair Merrick noted that the committee would hear from DMV after public testimony.

Co-Chair Merrick OPENED and CLOSED public testimony.

9:13:05 AM
AT EASE

9:14:05 AM

RECONVENED

Co-Chair Merrick asked DMV to review the fiscal note.

JEFFREY SCHMITZ, DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), reviewed the department's zero fiscal note. The bill would remove the words "in ink" and would not financially impact the division. The fiscal note had been changed from indeterminate to zero based on the bill language.

Representative Carpenter asked how moving from a wet signature to a digital signature would impact everyday Alaskans dealing with [vehicle] titles. He asked if the legislation would decrease the burden for Alaskans.

Mr. Schmitz clarified that the bill did not move from a wet signature to an electronic signature. He explained that the bill would remove the requirement for an ink signature. The change would allow the DMV to begin vetting the process to explore electronic signatures and titling. He detailed that it would be a first step to allow the division to examine the technology and business process. He explained that it was too early in the process to be able to specify efficiencies that would be created and how the process would be easier for Alaskans. The division believed both things would be true in the future once a complete solution was in place.

Mr. Schmitz reiterated that the bill was a first step to allow DMV to begin to vet what the business flow and process would look like. The bill would also enable DMV to begin to engage its partners including credit unions, banks, auction houses, dealerships, people who handle titles, and consumers to work on a solution that was amenable to all parties. The work would include working together to understand timelines, cost, and all things involved in arriving at a solution. Ultimately, DMV believed the change would create efficiencies for the public when transferring vehicles. Additionally, there would be efficiencies in the processing of paperwork. For example, individuals may not have to go into the DMV to transfer a title after purchasing a new vehicle. He stated that individuals may be able to save a trip to the DMV in the future. He reported that the technology was being

implemented in some other states. He stated that the option was relatively new; the idea had existed for many years, but the concept was coming to fruition in the present day.

Mr. Schmitz noted there were numerous questions that would be involved including state-to-state interoperability. For example, whether a person could transfer their Alaska title to a different state and vice versa. He explained that items involved in the process would all require vetting. He relayed that the bill would allow DMV to begin the process because it would remove the restriction requiring ink signatures on the documents.

[9:18:17 AM](#)

Representative LeBon asked for verification that at one time title transfers had required a notary or witness.

Mr. Schmitz replied in the negative. He was not aware of any time where a witness or notary was required for a vehicle transfer. He explained that if a vehicle had a lien or loan from a lending institution, depending on the institution's policy, the document may be notarized.

Representative LeBon remarked on the letters of support from the Alaska Credit Union League and the Alaska Banker's Association. He stated it was an endorsement to have both groups come together. He supported the legislation.

Co-Chair Foster MOVED to REPORT HB 163 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 163 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Administration.

Co-Chair Merrick reviewed the schedule for the afternoon meeting.

ADJOURNMENT

[9:20:26 AM](#)

The meeting was adjourned at 9:20 a.m.